

# **CITIES AND TOWNS BULLETIN**

## **AND UNIFORM COMPLIANCE GUIDELINES**

### **ISSUED BY STATE BOARD OF ACCOUNTS**

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December, 1995

#### **ESTABLISHMENT, OPERATION AND MAINTENANCE OF LIBRARIES, MUSEUMS AND OTHER COMMUNITY SERVICE PROGRAMS**

IC 36-10-2-4 and IC 36-10-2-6 allows cities and towns to establish, aid, maintain and operate libraries and museums, cultural, historical and scientific facilities and programs, and community service facilities and programs within four (4) miles of their corporate boundaries.

Furthermore, IC 36-10-2-5 and IC 36-10-2-6 allows cities and towns to establish aid, maintain, and operate neighborhood centers, community centers, civic centers, convention centers, auditoriums, arenas, and stadiums within four (4) miles of their corporate boundaries.

We recommend cities and towns that are supporting such programs enter into written contracts with those corporations providing those cities and towns with such services.

#### **ASSISTANCE TO PUBLIC HEALTH NURSING ASSOCIATIONS**

IC 16-20-7 allows cities to appropriate money out of the general fund of the city to assist incorporated public health nursing associations, organized and operated not-for-profit and solely for the promotion of public health and suppression of disease, in carrying on the work of the public health nursing associations within a city.

The amount appropriated may not exceed the amount that could be collected from annually levying a tax of five cents (\$.05) on each one hundred dollars (\$100) valuation of taxable property in the city.

We recommend that if a city assists such organizations that a contract be entered into that lists the services to be provided.

#### **INVESTMENT OF UTILITY FUNDS**

IC 8-1.5-3-13 states the "municipal legislative body may by ordinance, authorize officers charged by law with custodial care, expenditure, and investment of utility money to invest or reinvest surplus money of a utility in the manner prescribed by IC 5-13-1."

SOCIAL SECURITY TAX RATES FOR 1996

Until you are notified of any change by the Internal Revenue Service (IRS), the 1996 contribution rate will remain at 15.3 percent, 7.65 for the employees and 7.65 for the employer (6.2% social security and 1.45% Medicare). The maximum wage base for social security for 1996 will remain at \$61,200 until further notice.

CERTIFIED CHECKS

IC 1-1-7.5-1 states: "In all cases where it is required by law that a certified check be submitted in conjunction with the submission of bids on public contracts, it is lawful to submit a draft, cashier's check, or money order issued by a financial institution insured by an agency of the United States."

YEAR END DUTIES

The following is a listing of duties and reports that occur each year end. Instead of repeating the articles each year, we will list the duty or report along with a reference to the last City and Town Bulletin article regarding the duty or report.

<u>Bulletin Date</u>	<u>Page</u>
Fire Protection Contracts	December, 1992
Encumbering Appropriations	2-3
Cancellation of Warrants-Old Out-standing Checks	December, 1994
Publication of Annual Report in Phamplet Form-2nd Class Cities	3
Certification of Names and Addresses to County Treasurer	December, 1992
Report of Names, Addresses, Duties and Compensation of Public Employees	10
Annual Operational Report-Motor Vehicle Highway Fund	December, 1992
Monthly Bank Reconcilements	December, 1987
Outgoing Officials - Year End Duties	4
	December, 1995
	6

BAD CHECKS

A person to whom a check, a draft, an order, or like instrument is tendered may, if the instrument is dishonored or returned unpaid for any reason, charge and collect from the maker or drawer, or the person for whose benefit the instrument was given, an amount not to exceed twenty dollars (\$20) plus an amount equal to the actual charge by the depository institution for each returned or dishonored instrument. The charge shall not be considered an interest charge, a finance charge, a time price differential, or any charge of a similar nature. (IC 26-1-3.1-502.5)

ERRORS AND OMISSIONS INSURANCE

In Official Opinion No. 85-27, the Attorney General advised that errors and omissions insurance does cover a portion of a local official's exposure over and above the tort claims act and other protections. Our audit position concurs in that errors and omissions insurance may be acquired by cities and towns with the premium paid by the municipality as long as the coverage is for those acts or omissions falling within the official's scope of employment.

PUBLIC RECORDS - DISPOSITION OF OLD RECORDS

There is no authority to destroy any public records or documents except pursuant to IC 5-15-6, and subject to the following limitations:

1. No records shall be destroyed until a period of at least three years shall have elapsed from the time when the reports were originally filed.
2. No public records shall be destroyed within a period of three years if the law provides that they shall be kept for a longer period of time, or if the law prohibits their destruction.
3. No financial records or record relating thereto shall be destroyed until the audit of the records by the State Board of Accounts has been completed, report filed and any exceptions set out in the report satisfied. [IC 5-15-6-3]

By the provisions of IC 5-15-6-1, there is created in each county a commission to be known as the "County Commission of Public Records of \_\_\_\_ County." IC 5-15-6-2 sets out the duties and responsibilities of the commission. It is the duty of the commission to determine:

1. Which public records, if any, are no longer of official or historical value.
2. Which public records are of current official value and should be retained in the office where they are required to be filed.
3. Which public records are of official value but are consulted and used so infrequently that they are no longer of appreciable value to the officer which whom they are required to be filed.

PUBLIC RECORDS - DISPOSITION OF OLD RECORDS

-Continued-

4. Which public records are of no apparent official value but which do have historical value.

The following officers make up the commission:

1. Judge of the Circuit Court (Ex Officio)
2. President of Board of County Commissioners.
3. County Auditor.
4. Clerk of the Circuit Court (Secretary).
5. County Recorder.
6. Superintendent of Schools of the school district in which county seat city is located.
7. City Controller or, Clerk-Treasurer of the county seat city or town. [IC 5-15-6-1]

The commission shall elect one (1) of its members to be chairman.

The term "Public Record" or "Record" is defined to mean a record as defined in IC 5-15-5.1-1.

A copy of any order to destroy public records shall be delivered to:

- (1) the State Archivist at the Indiana State Archives;
- (2) any active genealogical society of the county;
- (3) any active historical society of the county; not later than sixty (60) days before the destruction date accompanied by a written statement that they may procure such records at their own expense for its own purposes. [IC 5-15-6-7]

A pamphlet entitled "Guide for Preservation and Destruction of Public Records" published by the State Commission on Public Records will be furnished to any official upon request. You should carefully review this publication and comply with the instructions therein when considering the destruction of any records.

The State Commission has furnished each Clerk of the Circuit Court, who serves as secretary of the County Commission of Public Records, a supply of this publication and a supply of Form PR1 entitled "Request for Permission to Destroy or Transfer Certain Public Records" to be used by local officials in submitting requests to the County Commission.

The decision as to the disposition or destruction of any record rests entirely upon the commission; however, there are certain records which appear to be of sufficient value to require that they are retained permanently, and there are other records which should not be disposed of for longer periods, due to limitations imposed under other statutes. Among these records are:

PUBLIC RECORDS - DISPOSITION OF OLD RECORDS

-Continued-

Retained Permanently

All minutes of the Board of Public Works, Common Council, Town Council, etc., due to their historical value and their value in determining titles to property, appointments, etc.

Ledgers of Receipts and Disbursements including Barrett Law Ledgers, as permanent financial records.

Bond Records, as evidence of indebtedness and payment.

Retained for Longer Periods Than Three (3) Years

All contracts, claims, accounts payable vouchers and paid warrants for a minimum of 10 years due to statute of limitations in civil actions. [IC 34-1-2-1 and IC 34-1-2-2]

Barrett Law records for a minimum of 15 years. [IC 32-8-7-3]

GENERAL IMPROVEMENT FUND

IC 36-9-17 authorizes any city or town to establish a permanent revolving fund to be used for financing public improvements which are to be paid for by special assessments. This fund is to be known as the General Improvement Fund.

All collections on such assessments shall be receipted to this fund and all portions of such cost as shall be assumed by a city or town shall also be receipted to this fund, thus making such fund self-perpetuating. The aggregate sum which may be appropriated and levied shall not exceed the equivalent of fifty cents (\$.50) on each one hundred dollars (\$100) of net taxable valuation.

The use of this fund eliminates the necessity for issuing Barrett Law bonds. The Board of Public Works, Board of Public Works and Safety or Town Council shall fix the time within which assessments shall be paid which time shall not extend beyond a period of five (5) years. All interest and penalties collected on assessments are to be receipted to the City or Town General Fund.

Accounting for the financing of public improvements handled through this revolving fund requires the use of the regular Barrett Law forms that are applicable.

### COPY FEES

City and Town councils shall establish a fee schedule for the certification, copying, or facsimile machine transmission of documents. The fee may not exceed the actual cost of certifying, copying, or facsimile transmission of the document and the fee must be uniform throughout the city or town and uniform to all purchasers. [IC 5-14-3-8]

### PUBLICATION OF ANNUAL REPORT

Publication of the annual report shall be made one time in two newspapers. (IC 5-3-1-3) However, if there is only one newspaper published in a city or town, then publication in that newspaper alone is sufficient. Effective January 1, 1996, if there are no newspapers published within a city or town, then publication shall be made in a newspaper or newspapers published in the county in which the city or town is located and that circulate within the city or town. [IC 5-3-1-4] .

### SEWER LIENS

Public Law 88, Acts of 1995, which amended IC 36-9-23-33, changed the recording and certification dates for processing sewer liens.

The following key dates should be kept in mind when recording and certifying liens.

September 2, 1995- First day to record liens which can be certified in 1996 to the county for collection. Bills must be overdue by at least 90 days before they can be recorded. A sewage utility may only record such liens two times in any calendar year. (Consideration should be given to recording those liens which were previously recorded after March 31, 1995, and before September 2, 1995, which remain unpaid.)

August 31, 1996- Last day to record liens which can be certified in 1996.

December 14, 1996- Last day to certify with County Auditor those liens previously recorded which still remain unpaid. A municipality may not accept payment on liens which are certified.

May 10, 1997- Property tax due along with lien if lien has been properly certified to County Auditor and is uncollected by the county.

YEAR END DUTIES - OUTGOING OFFICIALS

Outgoing city controllers and city and town clerk-treasurers should completely post and balance their records before being turned over to their successors on January 1, 1996.

If there are any securities and undeposited cash in the office on December 31, they should be inventoried and/or counted and the new controller and clerk-treasurer should sign a receipt in triplicate to be attested by the outgoing officer. One copy should be mailed to the State Board of Accounts with the outgoing controller or clerk-treasurer and his successors each receiving a copy. Any cash change fund should be returned to the fund from which it was advanced on or before December 31. In the event one of the officers is not available, we suggest a disinterested third party be invited to witness the inventory or cash count and this individual should attest to the receipt. (Examples of such officials would be Mayor, City Police Chief, Town Council President, Town Marshall, etc.)

We also suggest the outgoing officer prepare in triplicate an itemized inventory of equipment in the office at December 31 to be signed by the successor and attested to by the outgoing controller or clerk-treasurer. Disposition of copies should be the same as outlined in the preceding paragraph.

As a matter of good business practice, the outgoing controller or clerk-treasurer should prepare and give to the new officer a list of reports that must be filed in January and February of the new year. The outgoing official should offer his assistance in preparing such reports and in reconciling the depository accounts for the end of the year.

Among the reports that may be required to be filed by your unit are Withholding Tax, Social Security, Public Employees' Retirement Fund Contributions, Gross Income Tax, Sales Tax, Annual Report, Utility Report to Utility Regulatory Commission, Annual Report to the Common Council, Annual Operational Report of Motor Vehicle Highway Fund, Report of Names, Addresses, Duties, and Compensation of Public Employees, Accounts Payable at December 31, General Fixed Assets at December 31.

**APPROPRIATION REQUIREMENTS  
CITY AND TOWN FUNDS**

<u>Fund</u>	<u>Requires Approval</u>		<u>I/C Reference</u>
	<u>Tax</u>	<u>Board/City/Town Council</u>	
Accident Report	No	No	9-29-11
Alcohol and Drug Services	If Tax \$	Yes	12-23-14
Aviation	If Tax \$	Yes	8-22-5
Barrett Law	No	No	26-9-36
Bond and Interest Redemption	Yes	Yes	5-1-15
Cemetery	If Tax \$	Yes	23-14-24
City/Town User Fee	No	No	33-19-8
Clerk's Record Perpetuation	No	Yes	33-19-6
Cumulative Capital Improvement -			
Cigarette Tax	No	Yes	6-7-1-31.1
Cumulative Bridge Fund	Yes	Yes	8-16-3
Cumulative Building Fund - Airports	Yes	Yes	8-22-3
Cumulative Building Fund - Levees	Yes	Yes	13-2-31
Cumulative Maintenance Fund -			
Channel Improvements	Yes	Yes	13-3-3
Cumulative Firefighting Building, Equipment, Police Radio Fund	Yes	Yes	36-8-14
Cumulative Transportation Fund -			
Buses	Yes	Yes	36-9-4
Cumulative Building Funds	Yes	Yes	36-9-16
Cumulative Capital Improvement Fund	Yes	Yes	36-9-16
Cumulative Street Fund	Yes	Yes	36-9-16.5
General Improvement Fund	If Tax \$	Yes	36-9-17
Cumulative Building Fund - Sewers	Yes	Yes	36-9-26
Cumulative Drainage Fund	Yes	Yes	36-9-27
Cumulative Building Fund - Parks	Yes	Yes	36-10-3
Cumulative Sinking and Building Fund - Parks	Yes	Yes	36-10-4
Cumulative Capital Development	Yes	Yes	36-9-15.5
Deferral Program	No	Yes	34-4-32
Economic Development	If Tax \$(1)	Yes	36-7-14
Economic Development Income Tax (EDIT)	No	Yes	6-3.5-7
Electronic Map Generation	No	Yes	5-14-3
EMS	If Tax \$	Yes	16-1-39
Enhanced Access	No	Yes	5-14-3
Federal Grants	If Reimbursement Type Grants - Yes/Yes		
Firearms Training	No	No	35-47-2
General	Yes	Yes	6-1.1-18
Health	If Tax \$	Yes	16-1-7
Landfill	If Tax \$	Yes	36-9-30
Local Law Enforcement Continuing			
Education	No	Yes	5-2-8
Local Road and Street	Yes	Yes	8-14-2
Motor Vehicle Highway	Yes	Yes	8-14-1
Park Non-Reverting Capital	No	Yes	36-10-3
Park Non-Reverting Operating	No	Yes or Park Bd.	36-10-3
Park and Recreation	If Tax \$	Yes	8-22-5
Parking Meter	If Tax \$	Yes	36-9-11
Probation	If Tax \$	Yes	35-38-2
Self Insurance	If Tax \$(2)	Yes(3)	36-1-8
Vehicle Inspection	No	Yes	9-29-4

(1) If funded 100% by TIF distributions - No

(2) If funded 100% by General Fund transfers - No

(3) See local ordinance for appropriation requirements

OPENING 1996 LEDGERS

Before opening your 1996 ledgers and other accounting records, please review and follow instructions furnished in the Cities and Towns Accounting Manual. Please remember the ledgers should be opened with the major appropriation categories for each fund and department as certified to you by the State Board of Tax Commissioners Budget Order which is to be furnished to you on or before January 15 of each year. [IC 6-1.1-17-16(g)]

INDEX TO BULLETINS

Enclosed with this issue is an index to the following issues of the Cities and Towns Bulletin:

1986 - March, June, September, December;  
1987 - March, June, September, December;  
1988 - March, June, September, December;  
1989 - March, June, September, December;  
1990 - March, June, September, December;  
1991 - March, June, September, December;  
1992 - March, June, September, December;  
1993 - March, June, September, December;  
1994 - March, June, September, December;  
1995 - March, June, September, December;

The articles appearing in the year 1985 and prior issues have been revised and reprinted in other issues. Also, articles revised in later issues that have become obsolete have been omitted from the index. Please discard all issues prior to March, 1986.

PUBLIC NOTICE ADVERTISING

The statute governing the publication of legal notices and annual reports may be found in IC 5-3-1. IC 5-3-1-1 details the method of calculating the compensation of the publisher which may be claimed after the notice or report has been published. After December 31, 1995, and before December 31, 2005, a newspaper or qualified publication may effective January 1, of any year, increase the basic charges that were in effect the previous year by five percent (5%). The statute also describes the specifications which the publisher is to follow in setting the type or the notice or report. (See pages 12 through 15 of this issue for a listing of rates to take effect January 1, 1996.)

If the notice is in relation to a public hearing or meeting, IC 5-3-1-2 requires the notice to be published one (1) time, at least ten (10) days before the date of the hearing or meeting.

PUBLIC NOTICE ADVERTISING

-Continued-

If the notice is in relation to an election, the notice shall be published one (1) time, at least ten (10) days before the date of the election.

If the notice is in relation to the sale of bonds, notes, or warrants, the notice shall be published two (2) times, at least one week apart, with the first publication made at least fifteen (15) days before the date of the sale and the second publication made at least three (3) days before the date of the sale.

If the notice is in relation to the receiving of bids, the notice shall be published two (2) times, at least one week apart, with the second publication made at least ten (10) days before the date bids will be received.

If the event is the establishment of a cumulative or sinking fund, notice of the proposal and of the public hearing that is required to be held shall be published two (2) times, at least one (1) week apart, with the second publication made at least three (3) days before the date of the hearing.

If the event is the submission of a proposal adopted by a city or town for a cumulative or sinking fund for the approval of the state board of tax commissioners, the notice of the submission shall be published one (1) time. The city or town shall publish the notice when directed to do so by the state board of tax commissioners.

If the event is the required publication of any ordinance, notice of the passage of the ordinance shall be published one (1) time within thirty (30) days after the passage of the ordinance.

If the event is one about which notice is required to be published after the event, notice shall be published one (1) time within thirty (30) days after the date of the event.

If the event is anything else, the notice shall be published two (2) times, at least one week apart, with the second publication made at least three (3) days before the event.

In case any officer charged with the duty of publishing any notice required by law is unable to procure advertisement at the price fixed by law, or the newspaper refuses to publish to advertisement, it is sufficient for the official to post printed notices in three (3) prominent places in the city or town, in lieu of such advertisement in a newspaper.

PUBLIC NOTICE ADVERTISING

-Continued-

If a notice of budget estimates for a city or town is published as required in IC 6-1.1-17-3, and the published notice contains an error due to the fault of a newspaper, the notice as presented for publication is a valid notice under this chapter.

If a notice of budget estimates for a city or town is published as required in IC 6-1.1-17-3, and if the notice is not published at least ten (10) days before the date fixed for the public hearing on the budget estimate due to the fault of a newspaper, the notice is a valid notice if it is published one (1) time at least three (3) days before the hearing.

IC 5-3-1-0.4 defines a newspaper for the publication of legal notices and reports as a weekly, semiweekly, tri-weekly, or daily newspaper of general circulation which has been published for a least three (3) consecutive years in the same city or town and entered, authorized and accepted by the United States Postal Service as mailable matter of the second class and which has at least fifty percent (50%) paid subscriptions.

IC 5-4-1-4(g) allows a city or town, at its discretion, to publish public notices in a qualified publication as defined in IC 5-3-1-7 to provide supplementary notification to the public. The cost of publishing supplementary notification is a proper expenditure of the city or town.

MERRY CHRISTMAS

We would like to this opportunity to look back on the many warm associations that we have been blessed with. The outstanding cooperation and help that we are extended by city and town officials is truly appreciated.

From each of us and our staff to each of you and your staff, we send our best wishes for the holidays and our sincere wishes for a prosperous and happy new year.

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Donald L. Euratte  
State Examiner

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Charles Johnson, III  
Deputy State Examiner

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Robert D. Pearson  
Deputy State Examiner